

# No one should be talking benefit reform until they also...

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The IFS has reported today, [according to the Guardian](#), that:

*A couple with two children will be £1,250 a year worse off by 2015 as families "shoulder the burden of austerity", according to an Institute for Fiscal Studies report.*

*The figures suggest families with children under five, families with more than two children, and jobless lone parents will bear the biggest financial pain.*

So although well over 99% of such couples will have had nothing to do with creating the current situation of financial austerity they are paying most for it. That's deliberate. That's Tory policy. It's a Tory policy of picking on those on benefits and those who don't fit their stereotypical, and fantastical (as in fantasy) view of the family as if all society's faults are caused by those out of work, on low pay and who are single parents.

Labour is not helping. [Liam Byrne's shameful suggestions](#) on benefits yesterday are utterly unbecoming of any party that would like to say it is from the left - which Byrne is clearly not.

But the reality is that both these parties - and by association the Lib Dems too - have abandoned the poor. As my one time co-author Prof David Byrne (as far as I know no relation to Liam Byrne) [has said in the Guardian this morning](#):

*Liam Byrne, in his argument for increasingly punitive treatment of benefit claimants ( [Beveridge for this century](#), 3 January), draws on Beveridge's rather brief discussion of "conditionality" in relation to the receipt of unemployment benefit. He mentions Beveridge's commitment to full employment, one of the assumptions in his great report as a basis for social insurance reform, but seems surprisingly ignorant (for a holder of a first-class degree in politics and history) as to what Beveridge actually meant by this.*

In [Full Employment in a Free Society](#) (1944), Beveridge defined full employment as a situation in which there were more jobs available than people seeking to be employed. In those circumstances he thought conditionality would be appropriate. He would have dismissed any assertion that conditionality was the issue when a world recession and

the structural failure of the UK economy have led to there being more than 2.5 million people unemployed (not counting those on incapacity benefits who are part of Byrne's target group for conditionality) and less than half a million job vacancies.

Precisely so. Indeed, as David continues:

*In Full Employment in a Free Society, Beveridge argued that Keynes' ideas meant capitalism could be managed to maintain full employment, but that if it could not then there must be a full socialisation of the economy.*

David is right. So was Beveridge. And the Tories are wrong, and so, quite emphatically, is Liam Byrne.

Candidly, issues as there may be with benefit payments right now, they pale into insignificance compared with four other issues which should have vastly higher priority in the political sphere at present.

The first is why it is acceptable for so many companies to pay such low wages that people cannot live without benefit support in the UK. Our minimum wage is clearly inadequate.

The second is why do we have such high rents: this is clearly a legacy of Thatcher and failed social housing policy. We need much more social housing on fair rents.

Third, this is an issue of priorities: if tax evasion was tackled the benefits issue would be of substantially lower significance. There is [£70 billion of tax evasion a year](#) in the UK right now. This is the right target for attention, not benefits.

And lastly, no politician has a right to blame the unemployed for being out of work when politicians fail to address unemployment and opt for policies that guarantee far from full employment. But that's what all major political parties have done.

We could have full employment in this country. We may have a significantly different composition of incomes as a result. We might have to change what we do as a nation. But we will be better off. we will be more prosperous - even if not all would be richer. And we would stop the waste - the enormous human waste, the enormous waste of productivity and the even the enormous financial waste of people being told they should not work. We can do that.

But we can only do that through government intervention. As I have argued before. There are four factors that drive growth in employment in an economy. They are:

a) Increasing consumer spending. That's not going to happen right now. real incomes are falling.

b) Increasing business investment. That's not going to happen right now as people are

spending less.

c) Increasing exports - which is highly unlikely given almost everyone is moving towards recession.

d) Increasing government spending - which is the only option left right now.

Spending works. It means people take jobs and pay taxes, and don't claim benefits. It means they spend, and so pay more VAT. And that means they also support other jobs, and so a virtuous cycle of spending occurs. Do it across the whole of Europe and it would be better. Do it here on investment style projects and it will work well anyway.

There is no other way forward now. This is the only way to create jobs. And unless a party is willing to talk about that talk about cutting benefits is simply callous and wholly politically unacceptable.